



FOR IMMEDIATE RELEASE

April 10, 2026

Contact:

Michael K. Frisby

Mike@frisbyassociates.com/202-625-4328

NAREB CALLS ON FHA TO ELIMINATE UNFAIR SPOUSAL DEBT RULES CURTAILING HOMEOWNERSHIP IN COMMUNITY PROPERTY STATES ACROSS THE US

WASHINGTON – The National Association of Real Estate Brokers (NAREB) has issued a call to action urging the Federal Housing Administration (FHA) to eliminate outdated underwriting rules that can penalize married borrowers. NAREB President Ashley Thomas III is demanding that the agency stop requiring lenders to include a non-borrowing spouse's debt on mortgage applications unless that spouse is legally obligated to repay the loan.

In rallying Congress, housing advocates, and state regulators, Thomas said this critical policy adjustment is essential to ensure equitable treatment for all borrowers, regardless of their marital status. The change would align federal lending guidelines with the core principles of fair housing.

"FHA regulations create a punitive double standard that unfairly excludes creditworthy households from achieving the American dream of homeownership," said Thomas. "When we force lenders to count a spouse's debts without counting their income, we are actively punishing married couples. This outdated practice restricts mortgage access and severely hurts families trying to become homeowners."

Thomas noted, for instance, that Black homebuyers face a number of historic barriers, and this FHA regulation adds an additional burden.

FHA loans are a vital tool for first-time buyers, offering lower down payments and flexible credit standards. Black households represent a significant share of these borrowers, receiving between 12% and 15% of all FHA loans. While they account for a smaller share of overall mortgage originations, FHA loans serve Black borrowers at a much higher rate than conventional loans. Given that Black homeownership is currently just over 45% compared to White homeownership at over 74%, maximizing the effectiveness of these loans is crucial to increasing Black homeownership.

Under current guidelines, borrowers residing in or purchasing property in community property states face a punitive double standard. Underwriters are forced to include a non-borrowing spouse's debts in the applicant's debt-to-income ratio, even if the spouse is not on the loan or title. Most notably, the agency refuses to consider the same spouse's income unless they are an official co-borrower. This policy inflates the primary borrower's debt-to-income ratio, reducing their purchasing power. Consequently, pushes families into lower price points or prevents them from securing a home altogether.

The absurd policy restricts lending in community property states, which include Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington, and Wisconsin. Several of these states hold some of the largest Black populations in the country. In these regions, Black borrowers routinely encounter higher loan denial rates and receive smaller approved mortgage amounts compared to White borrowers. The differences in how lenders interpret common-law marriages and spousal obligations also lead to rampant inconsistencies, leaving many households confused about their eligibility.

This policy change would align FHA practices with the standards used by Fannie Mae and Freddie Mac, which evaluate only the financial obligations of the individuals signing the note. Modernizing FHA underwriting to exclude non-contractual spousal debts can improve access to credit for borrowers without compromising lending standards, strengthening the mortgage market's fairness and inclusivity.

"The Community Property Fairness Initiative is not about weakening underwriting standards or adding risk to our federal insurance funds," Thomas added. "The goal is to ensure consistency, logic, and fairness in how we evaluate borrower obligations. Fannie Mae and Freddie Mac already manage this successfully by focusing on contractual liability. It is time for the Federal Housing Administration to modernize its interpretation of state laws and align its rules with the conventional market so that all spousal obligations are handled uniformly across federal agencies."

NAREB, the leading public voice discussing this issue, also notes that the FHA guidelines raise serious fair lending concerns. The Equal Credit Opportunity Act strictly prohibits lenders from denying or discouraging a loan application based on marital status. Any federal policy that treats an application less favorably simply because an applicant is married or resides in a specific state directly undermines the spirit of this law. Aligning these guidelines with conventional standards would allow lenders to evaluate borrowers solely on their own financial merits, granting qualified buyers access to homes that accurately reflect their true purchasing capacity.

NAREB is committed to supporting policies and practices that dismantle systemic barriers to property ownership," Thomas asserted. "By raising the public discourse over this policy, NAREB aims to affirm that state community property laws do not mandate this restrictive underwriting. Eliminating this burdensome requirement will promote fair access to credit, standardize mortgage qualification processes, and help increase homeownership."

For print or broadcast interviews with NAREB President Ashley Thomas III, contact Michael Frisby at Mike@frisbyassociates.com or 202-625-4328.)

ABOUT THE NATIONAL ASSOCIATION OF REAL ESTATE BROKERS

NAREB was formed in 1947 to secure equal housing opportunities regardless of race, creed, or color. NAREB has advocated for legislation and supported or instigated legal challenges that ensure fair housing, sustainable homeownership, and access to credit for Black Americans. Simultaneously, NAREB advocates for and promotes access to business opportunities for Black real estate professionals across all real estate disciplines. From the past to the present, NAREB remains an association that is proud of its history, dedicated to its chosen struggle, and unrelenting in its pursuit of the REALTIST®'s mission/vision embedded goal, "Democracy in Housing."